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SUBJECT: EU/CHINA ARMS EMBARGO: BRIEFING THE PSC ON CHINA'S MILITARY MODERNIZATION

REF: A. BERLIN 2539

[B](#). THE HAGUE 1846

[C](#). USEU TODAY 7/23/04

[D](#). REIDHEAD/ALLEGRONE ET. AL. E-MAIL 7/22/04

[E](#). USEU BRUSSELS 2896

Classified By: USEU Poloff Van Reidhead for reasons 1.4 (b) and (d).

[1](#). (S/NF) SUMMARY: The EU Political and Security Committee (PSC) hosted an informal gathering July 22 to receive a USG intelligence briefing on China's military modernization efforts and implications on regional stability if the EU lifts its arms embargo on China. Post-briefing readouts from EU participants indicate that our briefing will feature prominently in internal EU discussions (including the July 27 PSC) of the strategic implications of lifting the embargo. END SUMMARY.

[2](#). (S/NF) EAP China Analyst John Culver delivered the briefing to roughly sixty (60) EU officials, including PSC Ambassadors and Deputies, Council DG Robert Cooper, WMD Rep Annalisa Giannella, and Council and Commission officers from regional and functional desks. Dutch PSC Chair Ambassador Hamer opened the meeting by acknowledging that many in the room viewed the embargo as anachronistic and not reflective of China's HR progress or of the strengthening strategic relationship between the EU and China. In that context, he said it was important that the PSC have the opportunity to hear and discuss US concerns about the implications of China's military modernization on regional stability. (NOTE: Under prior arrangement with the Dutch hosts, we did not deliver the human rights segment of the briefing, as had been done in Berlin and The Hague (refs A and B). We told the ambassadors that our human rights briefer was in the room and would be available to answer questions should they arise (none did). We strongly support including the HR briefing alongside future military modernization briefings in willing EU capitals. Many thanks to DRL Senior Advisor Susan O'Sullivan for being willing and available. END NOTE.)

[3](#). (S/NF) Culver relayed an impressive amount of detail about China's military modernization program, and at the same time demonstrated how it was oriented toward acquiring the ability to defeat Taiwan, and the US forces protecting Taiwan, in a cross-straits conflict. He also explained how China was seeking (through industrial espionage and military-commercial partnerships) advanced weapons and dual-use technologies from the West to support this modernization.

[4](#). (S/NF) None of the attendees made policy points or used the occasion to corner us in a debate. There were no questions about human rights, the EU Code of Conduct on arms exports, or other policy matters. Instead, the audience stuck largely to the topic at hand. The atmosphere was informal, courteous and respectful. Several Ambassadors asked questions following the briefing, all of which Culver fielded expertly:

-- Dutch Ambassador Hamer: How does China's increase in defense spending relate to its dramatic increase in GDP?

-- Council DG Robert Cooper: How does the US control its dual-use transfers? How much do countries that supply China restrict their arms transfers? (Note: DCM McKinley answered the first question by referring to US sanctions on China, which include strict dual-use controls).

-- Irish Ambassador Kelleher: How much of China's military modernization is fueled by off-the-shelf technology? What should be done?

-- Greek Ambassador Paraskevoupoulos: Couldn't China's military modernization be defensive, not offensive, in nature? Can China really threaten the US and allies?

-- Italian Ambassador Melani: What percentage of China's defense spending goes toward dual-use purchases? What is China getting from Israel?

-- Portuguese Ambassador Pereira Gomes: What is Taiwan's nuclear capability? How big is the defense spending gap between China and Japan? Is the US going to engage China in

arms talks to prevent an arms race? (Note: We deferred on this last question.)

-- UK Ambassador Gooderham: How concerned is the US about recent Taiwanese rhetoric and its potential to provoke China? (Note: We used EAP-supplied points to respond.)

-- Belgian Ambassador Wouters: In terms of military capabilities, what does China need to invade Taiwan? Can they do it yet? Will China even be able to invade Taiwan in 2008 (the year used for projections in the briefing)?

-- Dutch Military Rep: Isn't China's submarine fleet fairly weak? Why are they focusing relatively more effort on shorter-range diesel technologies than on their nuclear subs and related technologies?

15. (S/NF) The Council Secretariat China Director, Ana Ramirez, told us afterward that while our briefing would not change minds on lifting the arms embargo, it would strengthen the hands of those who want to ensure strong controls on European exports to China, with or without the embargo. She thought our briefing would feature prominently in upcoming EU debates (including the July 27 PSC). WMD Rep Giannella's Deputy, Andreas Strub, agreed that our briefing would be useful as Member States debate the issue in coming months, but added "not all Member States fully share your threat assessment." Council Policy Advisor Chris Holtby thought our briefing -- which he described as "wowing them with data" -- had reinforced our argument that lifting the embargo might have unintended destabilizing consequences for the region.

16. (S/NF) COMMENT: While our briefing did not change any minds, it certainly impressed upon the EU the seriousness of China's military modernization program and regional goals. We expect that the reports going back to capitals from the PSC delegations will strengthen the hands of those with outstanding concerns about the impact of lifting the embargo on regional stability. And aside from the inherent value of the intelligence contained in the briefing, our willingness to deliver it to all 25 EU Member States -- at the same time (as with the PSC) and individually (in the ongoing national briefings) -- speaks volumes about the depth of our concerns and resolve. The military modernization briefing, coupled when possible with the HR briefing, is a good value and we believe it would be useful to offer it in other willing EU capitals.

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